

## Message Text

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ORIGIN NEA-16

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 EB-11 TRSE-00 OMB-01 AID-20 SAB-01 SAM-01

IO-14 /140 R

DRAFTED BY NEA/EGY:GGBROWN:SA/IR:JROBERTS:PM

APPROVED BY P:JJSISCO

NEA:ALATHERTON

AA/SA:GAZIMMERLY

AA/SA:RHNOOTER

DOD/ISA:COL.PIANKA

SA/IR:WRTEMPLETON

COE:COL.RATHBORNE

PM/ISO:COL.FLEMMINGS

S/S: MR. GAMMONM

SA/CCD:FCOLLINS (INFO)

----- 017356

P 252220Z P 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO PRIORITY

S E C R E T STATE 211686

E.O. 11652: GDS

TAGS: EAID, ECRE, EG

SUBJECT: POSSIBLE ROLE FOR CORPS OF ENGINEERS IN SUEZ

CANAL REHABILITATION

REF: (A) CAIRO 6277 (B) CAIRO 5970 (C) CAIRO 6646

FOR AMBASSADOR FROM SISCO

1. FOREIGN MINISTER FAHMY DURING HIS WASHINGTON VISIT PRESENTED THE SECRETARY WITH ESSENTIALLY SAME PROPOSAL AS MASHOUR MADE IN REFTEL A. REQUEST YOU THEREFORE INFORM BOTH FAHMY AND MASHOUR OF SUBSTANCE THIS CABLE.

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2. WE AGREE THAT CHOICE OF CORPS OF ENGINEERS TO HELP WITH OUTSTANDING ENGINEERING PROBLEMS ON SUEZ CANAL A LIKELY ONE GIVEN VAST EXPERIENCE OF CORPS WITH PROJECTS OF THIS KIND.

3. WE ALSO AGREE WITH EMBASSY ASSESSMENT PARA 2 REF (B) THAT COE STAFF SHOULD BE LIMITED TO THAT REQUIRED FOR SPECIFIC PROJECT ACTIVITIES WITH CIRCUMSCRIBED SCOPE OF WORK AS APPROVED BY EMBASSY AND AID AND THAT IMPLEMENTING GROUP SHOULD BE PRIMARILY CIVILIAN IN COMPOSITION. STATE/AID/COE AGREE THAT COE PRESENCE IN EGYPT AS WELL AS BACK-UP SHOULD BE MINIMUM NUMBER AND OF SHORTEST DURATION TO ACCOMPLISH SPECIFIC TASKS. AS NOOTER/TEMPLETON DISCUSSED WITH YOU IN CAIRO, WE HAVE ENVISAGED OUR TECHNICAL ASSIS-

TANCE IN FORM OF SHORT-TERM EXCHANGES RATHER THAN ASSIGNMENT OF PERMANENT BODY OF ADVISORS ON MULTI-YEAR PROJECTS. WHILE THIS BROAD ENOUGH TO ENCOMPASS PERSONNEL FOR FEASIBILITY STUDIES AND ENGINEERING AND DESIGN WORK THIS APPROACH HIGHLIGHTS NEED TO RELATE WORK TO SPECIFIC TASKS AS YOU SUGGEST RATHER THAN CONTINUING ADVISORY STAFF FOR WHICH TASKS MUST BE FOUND.

4. BELIEVE PORTION OF AID LOAN NOW PLANNED FOR ASSISTANCE TO SUEZ CANAL AUTHORITY MIGHT BE UTILIZED FOR THIS PURPOSE AS SUGGESTED PARA 3 REF B IF EGYPTIANS AGREEABLE. (FYI: WE THINKING IN TERMS OF LOANS AS OPPOSED GRANT FOR AT LEAST TWO PARTS OF FY 1975 PROGRAM: THE COMMODITY IMPORT PROGRAM BECAUSE IT WAS PRESENTED AS LOAN IN CONGRESSIONAL TESTIMONY AND SUEZ EQUIPMENT FINANCING BECAUSE OF REVENUE PRODUCING CAPACITY OF SUEZ AND BECAUSE AID FINANCING WILL BE PART OF LARGER LOAN PACKAGE THROUGH IBRD.) THEY SHOULD UNDERSTAND AT OUTSET, HOWEVER, THAT THESE FUNDS WOULD HAVE TO FALL WITHIN DOLS 250 MILLION TOTAL NOW PENDING CONGRESSIONAL APPROVAL. FINANCING FOR COE TEAM WOULD NOT BE ADDITIVE TO THIS AMOUNT. ALSO, WORK OF COE SHOULD BE DEVOTED TO REOPENING RATHER THAN EXPANSION OF CANAL.

5. IF EGYPTIANS WISH PURSUE ON THESE GROUNDS, BELIEVE LOGICAL APPROACH WOULD BE TO ARRANGE SECOND MEETING OF COE WITH SCA MEMBERS TO DEVELOP DETAILED SCOPE OF WORK. IT

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WOULD BE DESIRABLE FROM OUR STANDPOINT TO HAVE THIS MEETING IN THE U.S.; IT WOULD, HOWEVER, BE POSSIBLE FOR CORPS TO SEND GROUP TO CAIRO IF MEETING IN U.S. WOULD INVOLVE UNDUE DELAY.

6. SHOULD THE MEETING OCCUR IN THE U.S., THE VISIT OF SCA PERSONS WOULD BE EXTENDED TO INCLUDE COE LABORATORY,

DREDGING, AND REVETMENT ACTIVITIES AND WOULD REQUIRE A TOTAL OF ABOUT SEVEN WORK DAYS.

7. IN DISCUSSING ABOVE WITH EGYPTIANS, COE SUGGESTS YOU ALSO EXPLORE WITH GOE AND SCA THEIR WILLINGNESS TO FINANCE A SMALL ADVANCE PARTY TO EGYPT OF APPROXIMATELY SIX COE ENGINEERS WHO COULD BEGIN WORK AT ONCE ON RESOLVING THE BREAKWATER, REVETMENT, AND TRAINING MATTERS. COE ENGINEERS IN THE U.S. ARE WORKING ON THESE MATTERS NOW BASED ON LIMITED INFORMATION COLLECTED WHILE IN EGYPT. COE ESTIMATES TOTAL COST SIX ENGINEERS FOR 90 DAYS AT DOLLARS 11,000 EACH INCLUDING SALARY, ALLOWANCES PER DIEM AND TRAVEL.

8. COL WILLIAMS, COE DIVISION ENGINEER, MEDITERRANEAN; AT LEGHORN, ITALY; IS AVAILABLE TO ASSIST AS YOU DESIRE.

9. SEPARATE FROM THE ABOVE, COE PROPOSES TO INVITE TWO INDIVIDUALS FROM SCA AS MENTIONED IN REF C. FYI: DEPARTMENT HAD NOT CLEARED THIS INVITATION PREVIOUSLY, BUT THIS MISUNDERSTANDING NOW CLEARED UP. THE PURPOSE OF THIS PROPOSAL WOULD BE FOR TECHNICAL EXCHANGE OF INFORMATION AND WOULD BE FULLY FUNDED BY COE. DEPARTMENT CONCURS IN THIS PROPOSAL SUBJECT TO YOUR CONCURRENCE. KISSINGER

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NNN

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\*\*\* Current Classification \*\*\* SECRET

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